

**REGION V HAZARDOUS MATERIALS  
RESPONSE COMMISSION  
FORT DODGE, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
SCHEDULE OF FINDINGS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2004**

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

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Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

**Officials**

Stan Watne, Chairman

Gary Nicholson

Neil Bock

Jack Anderson

Dick Barkema

Harlan Hansen

Wilbur Ekstrand

Jack Bensley

Greg Nolting

Dennis Borill

Jane Burleson

## Independent Auditor's Report

To the Board of Directors  
Region V Hazardous Materials  
Response Commission:

We have audited the accompanying financial statements of Region V Hazardous Materials Response Commission as of and for the year ended June 30, 2004. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note 1, the government-wide financial statements are prepared on the modified cash basis of accounting and the governmental funds financial statements are prepared on the cash basis of accounting. Both of these accounting methods are other comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash basis financial position of Region V Hazardous Material Response Commission as of and for the year ended June 30, 2004 and the changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As discussed in Note 7, during the year ended June 30, 2004, Region V Hazardous Materials Response Commission adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

In accordance with Government Auditing Standards, we have also issued our report dated March 2, 2005 on our consideration of Region V Hazardous Materials Response Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis on pages 4 through 7 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

CORNWELL & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

March 2, 2005

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Region V Hazardous Materials Response Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because Region V Hazardous Materials Response Commission is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining Region V Hazardous Materials Response Commission's financial position and results of operations.

### **2004 FINANCIAL HIGHLIGHTS**

- Revenues of Region V Hazardous Materials Response Commission's governmental activities decreased 2.0%, or approximately \$4,693.00, from fiscal 2003 to fiscal 2004.
- Disbursements increased 15.0%, or approximately \$28,987.00, in fiscal 2004 from fiscal 2003.
- Region V Hazardous Materials Response Commission's total cash basis net assets decreased 2%, or approximately \$3,794, from June 30 2003 to June 30, 2004.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of Region V Hazardous Materials Response Commission's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of Region V Hazardous Materials Response Commission as a whole and presents an overall view of Region V Hazardous Materials Response Commission's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Region V Hazardous Materials Response Commission's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

## **Basis of Accounting**

Region V Hazardous Materials Response Commission maintains its financial records on the basis of cash receipts and disbursements and the financial statements of Region V Hazardous Materials Response Commission are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about Region V Hazardous Materials Response Commission's finances is, "Is Region V Hazardous Materials Response Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information that help answer this question.

The Statement of Activities and Net Assets presents Region V Hazardous Materials Response Commission's net assets. Over time, increases or decreases in Region V Hazardous Materials Response Commission's net assets may serve as a useful indicator of whether the financial position of Region V Hazardous Materials Response Commission is improving or deteriorating.

The Statement of Activities and Net Assets activity:

- Region V Hazardous Materials Response Commission Activities include public information, first responder hazmat training & planning in each of the Region's nine counties and emergency response capabilities. State and federal grants finance most of these activities.

### *Fund Financial Statements*

- Region V Hazardous Materials Response Commission has one kind of fund:

1) Governmental funds account for most of Region V Hazardous Materials Response Commission's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Truck Replacement Reserve Fund. The governmental fund financial statements provide a detailed, short-term view of Region V Hazardous Materials Response Commission's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. Region V Hazardous Materials Response Commission's cash balance for governmental activities. decreased slightly from a year ago, decreasing from \$204,771 to \$200,977. The analysis that follows focuses on the changes in cash balances for governmental activities.

Exhibit E

Region V Hazardous Materials Response Commission  
Fort Dodge, Iowa  
Statement of Cash Receipts, Disbursements and  
Changes in Net Assets - Cash Basis  
As of and for the year ended June 30, 2004

	<u>2003</u>	<u>2004</u>
Receipts:		
County contributions	\$ 144,481	144,481
Federal grants	29,700	35,740
Interest on investments	4,260	4,937
Incident reimbursements	15,466	3,986
Refunds and miscellaneous	<u>128</u>	<u>198</u>
Total receipts	194,035	<u>189,342</u>
Disbursements		
: Administration	25,007	43,783
Contract Fees (included in Training in 2004)	10,805	--
Depreciation	22,309	--
Education (Includes Training & Planning for 2004)	12,762	55,369
Insurance	128	5,248
Mileage & Misc.	228	126
Physicals	4,254	3,444
Response Team costs	77,422	71,275
Supplies (includes office costs for 2004)	5,788	12,331
Professional fees	1,300	1,560
Interest	<u>4,156</u>	<u>----</u>
Total disbursements	\$ 164,149	<u>193,136</u>

Region V Hazardous Materials Response Commission's total receipts for governmental activities decreased by 2%, or \$4,693. Region V Hazardous Materials Response Commission's decrease in receipts was primarily the result of fewer hazmat incident calls during 204 offset by an 11% increase in federal grant funds for the year.

Region V Hazardous Materials Response Commission voted in 2004 to keep the quarterly funding per county the same as the previous year, but with the option to not utilize the 4<sup>th</sup> quarter billing if the cash reserves were adequate enough for the expenses. Region V Hazardous Materials Response Commission also voted to cash in maturing cash reserve certificate of deposit and cash from the checking account and pay off the lease on the Hazmat truck in December of 2004. A like amount will then be deposited into a Reserve savings account starting in 2005 for the purpose of future equipment needs. Region V Hazardous Materials Response Commission also expanded the Administrative Coordinator position from a half time position to a full time position.

The cost of Region V Hazardous Materials Response Commission activities this year was \$193,136 compared to \$164,149 last year. This significant increase in costs was due to the upgrading of the Administrative Coordinator's position to full time

The cost of Region V Hazardous Materials Response Commission activities for the fiscal year was \$193,136 compared to \$164,149 last year. This significant increase in costs was due primarily to the upgrading of the Administrative Coordinator to a full time position

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As Region V Hazardous Materials Response Commission completed the year, its funds reported a fund balance of \$200,977, a decrease of \$152,815 of last year's total of \$353,792. The following are the major reasons for the changes in fund balances of the funds from the prior year.

- The General Fund cash balance decreased due to the upgrading of the Administrative Coordinator position to full time and a decrease of revenue generating Incident Response calls from 9 in 2003 to 5 in 2004, which resulted in a decrease of \$11,480 in receipts.
- The HMEP grant funds increased by 11% or \$4,766 from the last fiscal year.

## **DEBT ADMINISTRATION**

At June 30, 2004, the Region V Hazardous Materials Response Commission had approximately \$59,964 in remaining balance for the lease-purchase agreement with United Leasing. As approved at a Commission meeting, we will pay off the remaining lease with a penalty in December 2004 fulfilling our debt obligation.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

With the federal and state implementing further regionalization of Hazmat funding, Region V Hazardous Materials Response Commission is anticipating decreases in funding of our planning and training by about 26% in 2005. The Region V Hazardous Materials Response Commission will pick up the balance of training costs in the region so all counties are in compliance with OSHA. We will also be monitoring the needed training to become NIMS compliant in the upcoming year.

We are anticipating the same quarterly contributions from the counties in the region for 2005. As we cannot predict the number of incidents we will be called to we have no amount to project for said income.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Region V Hazardous Materials Response Commission's finances and to show the Region V Hazardous

Materials Response Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Peg Stickrod, Administrative Coordinator, and PO BOX 1736, FORT DODGE, IOWA, 50501.

## **Basic Financial Statements**

Region V Hazardous Materials Response Commission

Exhibit A

Fort Dodge, Iowa

Statement of Net Assets - Modified Cash Basis

June 30, 2004

Governmental  
Activities

Assets:

Cash and cash equivalents	\$ 200,977
Capital assets, net of accumulated depreciation	<u>144,907</u>
Total assets	<u><u>\$ 345,884</u></u>

Net assets:

Invested in capital assets	\$ 144,907
Restricted for:	
HMEP Grant	(17,169)
Unrestricted	<u>218,146</u>
Total net assets	<u><u>\$ 345,884</u></u>

See notes to financial statements.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Statement of Activities - Modified Cash Basis

As of and for the year ended June 30, 2004

		Program Revenues		
		Charge for	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	<u>Expenses</u>	<u>Service</u>		
Functions/Programs:				
Administration	\$ 43,783	-	-	-
Accounting	1,460	-	-	-
Maintenance	4,000	-	-	-
Housing	3,000	-	-	-
Training	26,516	-	2,602	-
Planning	6,987	-	8,566	-
Labor	28,245	3,986	-	-
Conferences	21,866	-	16,748	-
Physicals	3,444	-	-	-
Membership dues	100	-	-	-
Vehicle	2,413	-	-	-
Phone and internet	2,069	-	-	-
Office supplies	10,262	-	7,824	-
Insurance	5,248	-	-	-
Fuel	354	-	-	-
Equipment	13,481	-	-	-
Miscellaneous	126	-	-	-
Depreciation (unallocated)	23,896	-	-	-
Total	<u>\$ 197,250</u>	<u>3,986</u>	<u>35,740</u>	<u>-</u>

General Revenues:

County contributions  
Interest on investments  
Refunds and miscellaneous  
Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

See notes to financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

---

Governmental  
Activities

(43,783)

(1,460)

(4,000)

(3,000)

(23,914)

1,579

(24,259)

(5,118)

(3,444)

(100)

(2,413)

(2,069)

(2,438)

(5,248)

(354)

(13,481)

(126)

(23,896)

(157,524)

144,481

4,937

198

149,616

(7,908)

353,792

\$ 345,884

Fort Dodge, Iowa

## Statement of Net Assets - Cash Basis

June 30, 2004

	<u>General</u>	<u>Special Revenue HMEP Grant</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	<u>218,146</u>	<u>(17,169)</u>	<u>200,977</u>
Net Assets:			
Restricted for:			
HMEP Grant	-	(17,169)	(17,169)
Unrestricted	<u>218,146</u>	<u>-</u>	<u>218,146</u>
Total net assets	<u>218,146</u>	<u>(17,169)</u>	<u>200,977</u>

See notes to financial statements.

Fort Dodge, Iowa

Reconciliation of the Statement of Net Assets - Cash Basis  
to the Statement of Net Assets - Modified Cash Basis

June 30, 2004

<b>Total net assets of governmental funds (page 11)</b>	<b>\$ 200,977</b>
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*Amounts reported for governmental activities in the  
Statement of Net Assets are different because:*

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported as  
assets in the governmental funds.

<u>144,907</u>
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<b>Net assets of governmental activities (page 10)</b>	<b><u><u>\$ 345,884</u></u></b>
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See notes to financial statements.

Region V Hazardous Materials Response Commission  
Fort Dodge, Iowa

Exhibit E

Statement of Cash Receipts, Disbursements and  
Changes in Net Assets - Cash Basis  
As of and for the year ended June 30, 2004

	<u>General</u>	<u>Special Revenue HMEP Grant</u>	<u>Total</u>
Receipts:			
County contributions	\$ 144,481	-	144,481
Federal grants	-	35,740	35,740
Interest on investments	4,937	-	4,937
Incident reimbursements	3,986	-	3,986
Refunds and miscellaneous	198	-	198
Total receipts	<u>153,602</u>	<u>35,740</u>	<u>189,342</u>
Disbursements:			
Administration	43,783	-	43,783
Accounting	1,460	-	1,460
Maintenance	4,000	-	4,000
Housing	3,000	-	3,000
Training	23,270	3,246	26,516
Planning	-	6,987	6,987
Labor	28,245	-	28,245
Conferences	974	20,892	21,866
Physicals	3,444	-	3,444
Membership dues	100	-	100
Vehicle	2,413	-	2,413
Phone and internet	2,069	-	2,069
Supplies	3,311	6,951	10,262
Insurance	5,248	-	5,248
Fuel	354	-	354
Equipment	33,263	-	33,263
Miscellaneous	126	-	126
Total disbursements	<u>155,060</u>	<u>38,076</u>	<u>193,136</u>
Deficiency of receipts under disbursements	(1,458)	(2,336)	(3,794)
Net Assts - cash basis beginning of year	<u>219,604</u>	<u>(14,833)</u>	<u>204,771</u>
Net assets - cash basis end of year	<u>\$ 218,146</u>	<u>(17,169)</u>	<u>200,977</u>

See notes to financial statements.

Fort Dodge, Iowa

Reconciliation of the Statement of Cash Receipts, Disbursements and  
Changes in Net Assets - Cash Basis  
to the Statement of Activities - Modified Cash Basis

Year ended June 30, 2004

**Deficiency of receipts under disbursements (page 13)** \$ (3,794)

*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 19,782	
Depreciation expense	<u>(23,896)</u>	<u>(4,114)</u>

**Change in net assets of governmental activities (page 10)** \$ (7,908)

See notes to financial statements.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**Note 1 Summary of Significant Accounting Policies**

Region V Hazardous Materials Response Commission was formed in 1993 by seven counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Two additional counties have since joined. The member counties included on the Commission are Calhoun, Carroll, Greene, Hamilton, Humboldt, Pocahontas, Sac, Webster, and Wright. The purpose of the Commission is to serve as a communicative and coordinating body to plan, foster, implement, monitor, and evaluate the coordination of hazardous materials response efforts among the body membership.

**A. Reporting Entity**

The financial reporting purposes, Region V Hazardous Materials Response Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading and incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Activities and Net Assets reports information on all the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from this statement.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

The Statement of Activities and Net Assets presents the Commission's nonfiduciary net assets. Net assets are reported in two categories:

either *Restricted net assets* result when constraints placed on net asset use are externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Commission reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. All receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

Special Revenue:

The HMEP Grant Fund is used to account for training and planning expenses related to hazardous materials preparedness and response capabilities.

C. Basis of Accounting

Government-wide Financial Statements:

The government-wide financial statements are prepared on the modified cash basis of accounting. Under that basis, only the assets, liabilities, fund balances, receipts and disbursements arising as a result of cash transactions or from the acquisition of long-lived assets, and a provision for depreciation are recognized. The modified cash basis of accounting does not recognize accounts receivable, accounts payable and accrued items. Accordingly, the government-wide financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

Fund Financial Statements:

Region V Hazardous Materials Response Commission maintains its financial records on the cash basis, under which only the assets, liabilities, fund balances, receipts and disbursements arising as a result of cash transactions are recognized. The cash basis of accounting does not recognize accounts receivable, accounts payable and accrued items. Accordingly, the fund financial statements do not present financial position and results of operations in accordance with U.S. generally accepted accounting principles.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

D. Assets and Net Assets

The following accounting policies are followed in preparing the Statement of Net Assets.

Cash Equivalents – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Capital Assets – Capital assets, which includes equipment, are reported in the applicable governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Commission as assets with an initial, individual cost in excess of \$500 and estimated useful lives in excess of two years.

Equipment is recorded at cost less accumulated depreciation. Depreciation of property and equipment is provided over the estimated useful lives of 5 to 7 years on a 200% double declining basis for assets placed in service before July 1, 1999. Assets purchased after July 1 are depreciated over the estimated useful lives of 5-10 years on a straight line basis.

Restricted Net Assets – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**Note 2 Cash**

The Commission's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments at June 30, 2004. During the year ended June 30, 2004 the Commission invested its excess funds in certificates of deposit.

**Note 3 Risk Management**

Region V Hazardous Materials Response Commission is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**Note 4 Capital Assets**

Capital assets activity for the year ended June 30, 2004 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year
Capital assets:				
Equipment	\$ 300,121	19,782	---	319,903
Less accumulated depreciation	---	---	---	---
Equipment	<u>151,100</u>	<u>23,896</u>	<u>---</u>	<u>174,996</u>
Total capital assets, net	<u>\$ 149,021</u>	<u>(4,114)</u>	<u>---</u>	<u>144,907</u>
	=====	=====	=====	=====
Depreciation expense				<u>\$ 23,896</u>
				=====

**Note 5 Deficit Fund Balance**

The Special Revenue, HMEP Grant had a deficit balance of \$17,169 at June 30, 2004. The deficit balance was a result of receipts not being received until an expense reimbursement request is sent to the state. The deficit will be eliminated upon receipt of reimbursement request.

**Note 6 Lease Purchase**

The Commission entered into a lease-purchase agreement with United Leasing on May 4, 2000 for the purpose of financing the purchase of the International Harvester Hazardous Materials truck. The Commission paid \$13,102 on this lease during the year ended June 30, 2004 which included \$3,995 interest and \$9,107 principle. In December 2004, the Commission paid off the remaining balance of \$59,964 on the lease-purchase for an International Harvester hazardous materials truck.

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Notes to Financial Statements

June 30, 2004

**Note 7 Accounting Change**

For the year ended June 30, 2004, the Commission implemented Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures.

Implementation of these standards had no effect on the beginning balances of the Commission.

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Board of Directors of  
Region V Hazardous Materials  
Response Commission:

We have audited the financial statements of Region V Hazardous Materials Response Commission as of and for the year ended June 30, 2004, and have issued our report thereon dated March 2, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Region V Hazardous Materials Response Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2004 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year comments have all been resolved.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered Region V Hazardous Materials Response Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses as defined above.

This report, a public record by law, is intended solely for the information and use of the officials of Region V Hazardous Materials Response Commission and other parties to whom the Region V Hazardous Materials Response Commission may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by officials of Region V Hazardous Materials during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

CORNWELL & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

March 2, 2005

Region V Hazardous Materials Response Commission

Fort Dodge, Iowa

Schedule of Findings

Year ended June 30, 2004

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part II: Other Findings Related to Statutory Reporting:**

- II-A-04    Official Depositories - A resolution naming official depositories has been approved by the Commission. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2004.
- II-B-04    Commission Minutes - No transactions were found that we believe should have been approved in the Commission minutes but were not.
- II-C-04    Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and Commission's investment policy were noted.